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You represent a new breed of rural electric managers.

You have been assigned your new roles and new responsibilities for a variety of reasons.

In one important respect you retain many of the same qualities as all of the former REA managers in that you believe in the program, you understand the underlying philosophy behind the rural electric co-ops, you are leaders, you are technicians, you are public relations people, you are community builders.

You are all of these -- but you are more.

You are more because the real world of agriculture and rural America and the world itself is a lot different than it was for the original builders of the rural electric program.

No longer is it the REA manager's major responsibility to literally break new frontiers in bringing electric power and telephone to remote rural areas. Those geographical and demographic frontiers have largely been achieved.

Remarks prepared for delivery by Secretary of Agriculture
Bob Bergland before the REA New Managers Conference,
Washington, D.C., April 27, 1978

No longer is electric power and all energy a seemingly inexhaustible commodity and obtainable at very low cost to the user.

No longer are you primarily just concerned with serving farmers but rather, today, your responsibility includes the entire community of rural America -- with its villages, towns and small cities -- the new industries in rural areas which you now must serve -- even the new sprawling suburbs that are now part of your power jurisdiction.

You face some tough problems in the real world of today and that's why you have been selected for the job.

And one of the biggest problems you must deal with is a matter of available electric power and its cost.

While borrowers who serve conservation-minded farmers and other rural residents have for many years promoted the efficient use of electricity, the energy was comparatively inexpensive and relatively abundant. Consequently, the cost of electricity for rural electric cooperative members has not always been a major part of the family budget.

In past years, rural electric cooperatives, like other electric utilities, encouraged the use of electricity -- sometimes without proper regard to its efficient use. Thus, for many, an aggressive program to reduce the use of power represents a near-total reversal of thinking and policy.

But now energy bills are a major portion of the total cost of operating a home. Other USDA agencies, such as the Farmers Home Administration (FmHA) have programs consistent with the intent of a new conservation plan we have proposed for REA. FmHA is a partner with REA, the National Rural Electric Cooperative Association and many co-ops around the country in a home weatherization program. Also, Farmers Home is ready to implement new energy efficiency standards both to conserve energy and to reduce the total cost of home ownership. The agency is also financing alternative energy systems such as solar and biomass conversion facilities, and is considering requiring that alternative energy systems provide a substantial portion of the energy requirements of all homes financed by the agency after 1980.

New and more expensive electric generation, transmission and distribution facilities coming on the line now and in the 1980's will require doubling or even tripling of electrical retail rates.

The Rural Electrification Administration and its borrowers are now obligated to anticipate those higher rates and to do what they can to minimize the impact of those higher rates for their member owners. The economic welfare of the nation is at stake.

I have asked NRECA to work with REA to develop an aggressive and effective energy conservation program and to help borrowers with their own initiatives. NRECA and its members many times have rallied around programs which were in their best interest and the best interest of the country. This is another of those times.

An aggressive energy conservation program -- one which devotes a reasonable amount of resources and personnel -- is the best opportunity to keep costs down and minimize the need for additional loan funds. Such a program should, in the consumer and national interest, be a requirement for continued REA financing.

Rural electric systems serve 24 million people in 46 States. Because of this, conservation plans must necessarily vary from region to region because of climate and other factors.

Each year, REA electric borrowers are providing service for 200,000 new consumers. Many of those new consumers are using electric heat as the sole or as a supplementary source of heating.

I would hope that the first objective of stepped-up conservation activity by your systems would be to upgrade the insulation in electrically heated or air conditioned homes and to promote the new Farmers Home Administration insulation standards in homes.

I would also hope that you and your fellow managers facilitate in any way that you can the use of solar heating and cooling equipment.

Rural electric and other utilities which distribute TVA power have undertaken an energy audit and ceiling insulation program that has resulted in reducing the energy consumption in 13,000 electrically heated or air conditioned homes. That program has been in effect since July 1977. Interest free loans are provided for 36 months by TVA. TVA estimates that adding ceiling insulation in 750,000 homes will save their consumers \$25 million annually and save an energy equivalent of a 400,000 to 500,000 kilowatt generating plant.

I encourage electric cooperatives to consider use of their general funds for a program similar to this.

The policy which I have asked REA to prepare should provide a format for reporting on the conservation plans of the borrowers and should also provide for gathering data not presently available to REA.

By having this detailed information we will not only be better able to evaluate the need for additional loan funds, we will also acquire information and ideas useful to other borrowers and others in the industry.

These are just a few of the challenges that you will be facing as you take over your new responsibilities. It's an unbroken tradition in the 40-odd year history of the REA program, that rural electric systems have always met all challenges and all problems.

I know that you will keep this tradition inviolate. I wish you well.

Thank you.

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